

Message Text

UNCLASSIFIED POSS DUPE

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42

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SAB-01 IO-10 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05 PA-02 RSC-01

PRS-01 SP-02 SS-15 USIA-15 AID-05 EB-07 CIEP-02

TRSE-00 STR-04 OMB-01 CEA-01 COME-00 FRB-01 XMB-04

OPIC-06 LAB-03 SIL-01 ABF-01 FSE-00 /125 W

----- 045191

R 201602Z NOV 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1454

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

USINT BAGHDAD BY POUCH

UNCLAS BEIRUT 13954

E.O. 11652: N/A

TAGS: EFIN, LE

SUBJECT: MONEY SUPPLY UP ONE BILLION IN ONE MONTH

REF: BEIRUT 13652

1. MONEY SUPPLY (MI) (PARA 5 REFTTEL) ON NOVEMBER 15
STOOD AT LL3.710, ONE MONTH INCREASE OF LL971 MILLION
OR 35 PER CENT. SIMILAR INCREASE IN CENTRAL BANK BALANCE
SHEET ASSET ITEM 5, OTHER ASSETS AND CREDIT ACCOUNTS,
TO LL2.983 BILLION NOVEMBER 15. THIS ITEM REPRESENTS
ADDITIONAL INTERNATIONAL MONETARY RESERVES (SEE OUR A-141,
JULY 8).

2. ON NOVEMBER 19 CENTRAL BANK RAISED RESERVE REQUIRE-
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MENT TO 10 PER CENT, EFFECTIVE JANUARY 1, 1975, MOVE
ESTIMATED TO ABSORB SOME 170 MILLION POUNDS. BANK ALSO

CANCELLED EXISTING PENALTY RESERVE REQUIREMENTS ON BANK CREDIT EXCEEDING END-1973 LEVEL. IT SET NEW AND HIGHER CREDIT BASE AT LEVEL OF CREDITS OUTSTANDING SEPTEMBER 30 AND UNTIL YEAR END WILL PERMIT BANKS LEND AS MUCH AS SIX PER CENT ABOVE SEPTEMBER 30 LEVEL. EFFECT IS TO TERMINATE UNPOPULAR TIGHT MONEY POLICY BY ENLARGING LIQUIDITY. EFFECT PAST MONTH'S MONETARY ACTIVITIES CLEARLY INFLATIONARY.

3. DOLLAR RATE DROPPED 10 PIASTERS NOVEMBER 19 TO LL2.30, REPORTEDLY BECUASE CENTRAL BANK REFRAINED FROM BUYING DUE DOLLAR'S WEAKNESS EUROPE. RATE EDGING UP TODAY, COMMERCIAL BANK REPORTEDLY SEEKING DOLLARS AT LL2.32.
GODLEY

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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